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UNCLAS PRETORIA 003175

SIPDIS

SENSITIVE

DEPT PLEASE PASS TO OPIC (CCOWAN)

E.O. 12958: N/A

TAGS: [EINV](#) [EAIR](#) [ECON](#) [ZU](#) [SF](#)

SUBJECT: SOUTH AFRICA: OPIC LOAN TO AFRA AIR CARGO

REF: STATE 138148

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1. (SBU) Embassy Pretoria welcomes the prospect of Afra Air Cargo entering the South African and sub-Saharan Africa air cargo market. The air cargo industry in southern Africa is biased toward Europe and slaps a hefty price tag on shipments to and from the United States. Additional competition from a U.S. company has the potential to reduce transportation costs, increase efficiency, and facilitate bilateral trade. Reducing transportation costs and having more direct routes from southern Africa to the United States can only encourage trade between North America and Africa, and increase the developmental value of our African Growth and Opportunity Act (AGOA). Regular direct air cargo shipments between the United States and Southern Africa could also reduce USG costs and improve the regional support services Embassy Pretoria provides for other U.S. Missions in Africa. Currently, Fedex, UPS, and DHL operate package services in the region. Delta, United, American, and Northwest all have alliances with airlines that fly cargo to South Africa. To our knowledge, Bax Global is the only U.S. transportation and logistics company with operations in South Africa.

FRAZER